



Council on Efficient Government

Council Meeting

May 3, 2007

10:00 a.m. – 12:00 p.m.

The Capitol, Room 2103

Administrative

- **2007 Meeting Dates:**

May 3, 2007

June 7, 2007

July 26, 2007

August 30, 2007

October 4, 2007

November 29, 2007

- **Meeting Locations**

- **Weekly Update**

Mission Statement

The Council on Efficient Government's mission is to research state agency best contracting practices, evaluate state agency procurement processes, and codify lessons learned to increase government performance. It is the Council's goal to be good stewards of Florida's tax dollars by improving agency and enterprise wide outsourcing initiatives.

The Council on Efficient Government's mission is to review, evaluate and provide advice on agency outsourcing, and codify lessons learned to improve government accountability. It is the Council's goal to define the process for reviewing business cases and implement standard processes for outsourcing initiatives.

Website

Link:

http://dms.myflorida.com/other_programs/council_on_efficient_government

Updates:

- **Council member bios and photos**
- **Roles and responsibilities**
- **Additional links and resources**
- **Online forms for public comment requests, public record requests, contacting the office, and submission of suggestions and ideas**

Life Cycle Map

State of Florida Appropriations and Contracting Life-Cycle – High-Level Perspective

Appropriations Process – Multiple Iterations

Process Steps

Concept

Business Case

Review, Modification, Approval

Requirements

Source Selection

Contracting

Implementation

Operations & Maintenance

Activities

Enterprise Consideration

Audits, Oversight, and IV&V – Periodic and Ad Hoc Formal Reviews

Exec Sponsor
Stakeholder Input
Concept
Expected Benefit
Approach
Authorization

Need/Current Cost
As-is, To-be
Alternatives/Benefit
Cost - Savings
Risk
Plan/Metrics

Receipt
Assessment
Discussion
Feedback
Update
Recommendation

Enterprise Teams
Process Assessment
Business Functions
Activities
Data Elements
Interfaces

Develop RFx
Draft Contract
Exit Criteria
SOW
Solicitation
Evaluation
Selection

Clarifications
Negotiations
Contract & Change
Deliverables
Perf. Measures
Compliance

Requirements
Design
Develop
Test
Transition
Production

Operations
Maintenance
Enhancement
Evaluation
Improvement
Refresh

Guidelines, Standards, & Outputs

Guidelines

Guidelines
Business Case

Adapted OGC
Council Process
Incubator
Commissioning

IEEE Standards
Best Practices
Requirements Doc
Use Cases

FS Ch. 287 et al
Guidelines
RFx
SOW
Award

Guidelines
Contract
SLA

PMBOK tailored
Contract
SLA
Emp Transition

PMBOK tailored
Contract
SLA

Governance & Stakeholders

Agency Execs
Users
Clients
EOG/Legislature
Public
Vendors

Legislature/TRW
EOG/OPB
Agency/Proj Team
IT Governance?
Investment Brd?
CEG/OEG
Public/Vendors

Legislature/TRW
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Agency
Users
Clients
Legislature
EOG
Public

Agency
Users
Clients
Legislature
EOG
Public

Glossary

CEG/OEG – Council of Efficient Government/Office
EOG – Executive Office of the Governor
IEEE – Institute of Electrical and Electronic Engineers, industry accepted standards for systems and projects planning and documentation methods
IV&V – Independent Verification and Validation
OGC – Office of Government Commerce (UK)
OPB – Office of Policy and Budget
PMBOK – Project Management Book of Knowledge, industry standard guidelines for process, templates, criteria, and measurement
RFx – Any solicitation or source selection document in accordance with Florida Statutes
SLA – Service Level Agreement specifying the performance measures and standards for maintenance and support contracts
SOW – Statement of Work defining the services and work products associated with a services contract
TRW – Technology Review Workgroup

Agency Interactions

- **Department of Juvenile Justice**
- **Department of Veterans' Affairs**
- **Department of Education**

Deliverables

Statutory:

- **Annual Report on Outsourcing**
- **Inventory of Outsourced Projects**
- **Annual Report on Innovation in State Government**
- **Business Case – Standard process and templates**

Externally Directed:

- **Review of MyFlorida MarketPlace**
- **Review of Project Aspire**

Davis Productivity and Innovations in Service Delivery

- **Florida TaxWatch currently reviews and evaluates 500-600 nominations for the Davis Productivity Awards annually**
- **Since 2003, Florida TaxWatch has maintained a database of 700 adaptable achievements for innovative government services**
- **Possible collaboration with the Council on adaptable achievements**

Davis Productivity and Innovations in Service Delivery

Collaboration benefits:

- **Discussion on enterprise wide solutions**
- **Opportunities to integrate adaptable achievements into agency business practices**

Davis Productivity and Innovations in Service Delivery

- **Florida Sterling Council**
- **Florida TaxWatch presentation request**
- **Link to achievements:**
<http://www.floridataxwatch.org/dpa/adaptable.php>

People First

- **People First Survey Results**
- **People First Preliminary Report**

**People First
Preliminary Report
May 3, 2007**

Background Information

➤ Project Description:

The intent of People First was to create an online self service, human resource application. The system was developed to streamline and automate the state's human resource functions, such as payroll, benefits, hiring, and personnel management. The new system was to be easy to use, employee interactive, and able to offer process efficiencies and significant monetary savings.

➤ Awarded Contractor: Convergys Customer Management Group

➤ Cost: \$350 million

➤ Contract Term: August 2002 – August 2011

➤ Outsourced Services:

- Human Resource Administration
- Staffing Administration
- Payroll Administration
- Benefits Administration

Facts – Projected versus Actual

PROJECTED

\$173 million

Projected cost savings over 7 years

(\$80 million achieved by avoiding costs associated with re-building COPES)

971.5 (per business case)

Projected number of HR positions to be cut

ACTUAL

\$13.5 million

Actual cost savings

(plus \$80 million associated with COPES)

862 (per DMS)

Actual number of HR positions cut
(approx. 70% of HR positions)

OTHER FACTS

228,190

Employees using People First
(current and retired state employees)

\$70,115

Annual cost to maintain COPES
(FY06-07 - maintained for historical data)

50+ Agencies/Groups Using People First

(31 agencies using all People First modules -- payroll, attendance, leave and benefits)

Blowing Up The Silos



Executive Summary

- **Ownership question - what will Florida own at end of contract? Status and outcome of legal negotiations is an unknown at this time**
- **Application is stabilizing and can be made more effective with 5 enhancements; but will it be enough to improve performance and usability?**
- **Lack of standardization among all agencies has lead to significant customization to off-the-shelf software – over 200 interfaces have been created**
- **Original business case was flawed; original projected cost savings of \$173 million was inaccurate and not achievable**
- **Management's decision to fast-track implementation was unrealistic and a poor business decision**
 - **Project team was given 9 months; average ERP implementation is 18 months**
- **Agencies were not properly prepared for transition; problems included an unrealistic implementation date, poor training, poor communications and a system that was not fully functional**
- **Lack of standardization among agencies on HR policies, procedures and pay dates**

Executive Summary, Continued

- **Initial agency and stakeholder buy-in was not obtained**
- **Confusing and complex PAR form has contributed to errors resulting in dropped benefits**
- **Contractor not demonstrating long-term partnership behavior**
- **Current poor performance issues; unacceptable service levels at outsourced call centers**
- **Loss of knowledge due to excessive staff turnover**
 - **High staff turnover in call centers has resulted in a continuous knowledge drain resulting in ineffective service levels.**
- **Dissatisfied agencies and employees:**
 - **Agencies are dissatisfied because they lost staff in expectation of a more efficient program which has instead increased their workload, not decreased it. Many agencies have developed work around procedures to address system limitations which has increased cost and workload**
 - **Employees are dissatisfied because system is cumbersome and difficult to use; not customer-centric**
- **Potential integration problems with ASPIRE**

Project Accomplishments

- **Florida saved \$12 million in initial staff reductions**
- **Migrated from antiquated COPES mainframe system to an SAP web-based interactive platform with \$0 capital outlay, financed over time by vendor**
- **Achieved efficiencies through elimination of duplicative services provided by each state agency**
- **Ongoing annual operating cost equal to 0.89% less than pre-People First system**
- **Current DMS project team is well organized, employee focused, and committed to continual improvement**

National Trends

- **7 years ago private sector trend was to outsource HR processes. However, many companies are not realizing the benefits and savings anticipated from HR process outsourcing. Many companies are experiencing implementation and software integration problems similar to Florida.**
- **Today's national trend is to use a hybrid model of outsourcing that relies less on wholesale outsourcing of HR.**
- **Keep in-house what we do well; federal and state governments are now using highly trained state workers to manage HR call centers, thus keeping subject matter experts in-house.**
- **Extensive user acceptance testing is conducted before release of a new business process through a phased-in approach.**

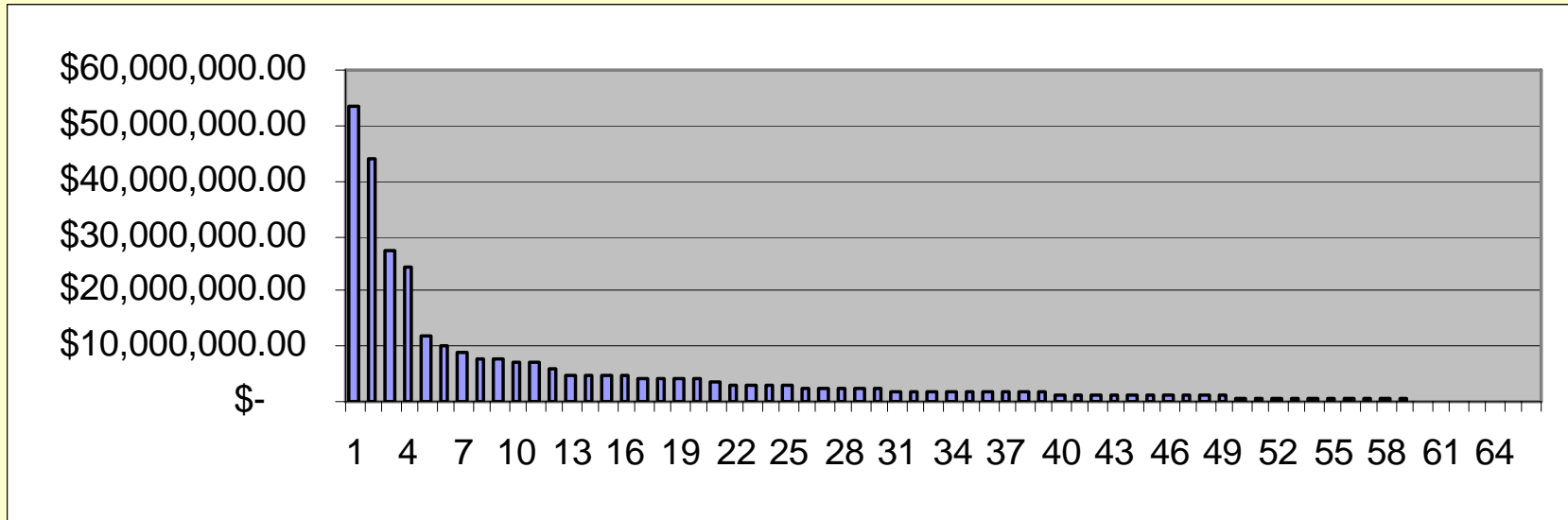
Recommendations

- **Make decision now on what strategy to take for future**
- **Begin planning activities now for future change management**
- **Standardization of business process**
 - Take steps now to standardize key business processes at all agencies. Lack of agency standardization has led to high levels of expensive customization and additional labor to accommodate various agency requirements.**
- **Use a phased in approach for any proposed changes**
- **Strong emphasis on realistic outcomes, implementation schedule, stakeholder input, communications, and user acceptance testing**
- **Experienced project team – Right People, Right Time, Right Place**

Outsourcing Inventory

- **Baseline inventory of 107 outsourced projects**
- **Identified data gaps, incomplete, and inaccurate data within the baseline inventory**
- **Created plan to validate the baseline inventory, using the following tools:**
 - **2007-08 Appropriations Act**
 - **Office of Policy and Budget**
- **A valid inventory is anticipated for December 2007**

Baseline Inventory of Outsourced Projects by Cost

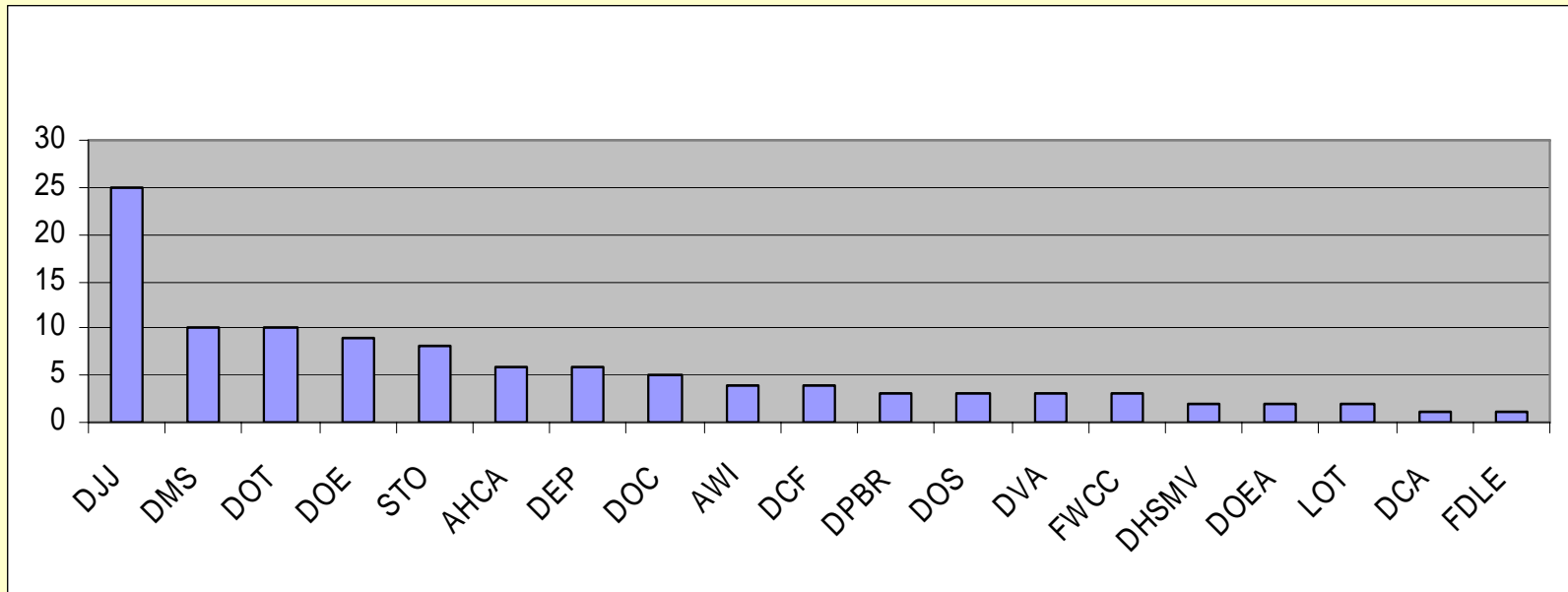


Of the 107 identifiable outsourced projects, the following information is available:

- 6 were identified as being \$10 million or more
- 35 have no current cost data

*Based on preliminary data gathered by previous Office

Baseline Inventory of Outsourced Projects by Agency



Of the 107 identifiable outsourced projects, the following information is available:

- **57 have been identified as active**
- **24 have contract end dates that have expired**
- **26 have no current contract end date information**

***Based on preliminary data gathered by previous Office**

Announcements

- Henry Garrigo, formerly employed with Intel, will be joining our team